

Community Development Commission

December 8, 2009

To: Each Supervisor

From: Sean Rogan, Executive Director



SUBJECT: COMMISSION/HOUSING AUTHORITY HEADQUARTERS BUILDING ACQUISITION

The purpose of this memorandum is to advise you that we are engaged in negotiations, along with our broker representative, to extend the existing office lease at 2 Coral Circle in Monterey Park. The current lease will expire on March 26, 2010, and contains a five-year renewal option. However, we would like to extend this lease for 2 ½ years, to June 30, 2012, to coincide with the expiration of our lease at 12131 Telegraph Road in Santa Fe Springs, which houses our Housing Choice Voucher (Section 8) operations. Our goal is to consolidate our administrative operations at a single location. If we are unable to reach an agreement with the owners of 2 Coral Circle, we will be compelled to relocate to another location for 2 ½ years and are currently looking at interim lease options at other buildings in the Monterey Park area.

Status of Headquarters Acquisition

In our previous status reports, we informed you that we would explore the opportunity to acquire our two buildings referenced above. The Coral Circle building consists of 85,300 square feet of administrative office space and the Telegraph Road building consists of 42,170 square feet of administrative office space.

Based on our current analysis, we have concluded that the consolidation of our operations under one roof will result in substantial economic benefits and lead to operational efficiencies. Therefore, we have been actively canvassing the market for a building, capable of meeting our consolidated space requirements, in the general vicinity of our Monterey Park headquarters location. We believe the current soft real estate market conditions provide a unique opportunity for the Commission to transition from long-term leasing of office space to securing an ownership position.

With the goal of housing all Commission and Housing Authority operations at a single location, we are investigating an array of options, including:

- Purchase of the Monterey Park building and add floor space and parking capacity
- Purchase of an existing stand-alone building
- Purchase of developable land and build a new facility

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All of the options outlined above require some discussion with HUD, and may require HUD approval of an administrative waiver. We are also evaluating various financing opportunities based on economic conditions and our budgetary position.

We will keep you informed of our progress. Should you have any questions, please feel free to contact me or Assistant Executive Director Bobbette Glover at (323) 890-7400.

SR:BG:dg

c: William T Fujioka, Chief Executive Officer
Lari Sheehan, Deputy Chief Executive Officer
Each Deputy